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RECORDATION NO. 19041-D FILED
AUG - 1 '01 : 1-42 PM
SURFACE TRANSPORTATION BOARD
OF COUNSEL
URBAN A. LESTER

August 1, 2001

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are four (4) copies of a Memorandum of Locomotive Lease Agreement, Partial Termination Thereof and Assignment of Leasehold Interest Therein, dated as of April 30, 2001, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Locomotive Lease Agreement which was previously filed with the Commission under Recordation Number 19041.

The names and addresses of the parties to the enclosed document are:

Lessor: Locomotive Management Services
2901 East Lake Road
Erie, PA 16531

Lessee/
Assignor: Canadian National Railway Company
935 de la Gauchetiere Street West
Montreal, Quebec
Canada H3B 2M9

Mr. Vernon A. Williams
August 1, 2001
Page Two

Lessee/
Assignee: Illinois Central Railroad Company
455 North Cityfront Plaza Drive
Chicago, IL 60611

A description of the railroad equipment covered by the enclosed document is:

13 locomotives LMSX 715 - LMSX 727 as to which the Lease is being terminated and 12 locomotives LMSX 728 - LMSX 739 as to which Canadian National Railway is assigning its leasehold interest to Illinois Central Railroad.

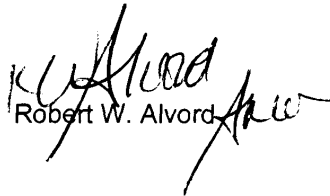
A short summary of the document to appear in the index follows:

Memorandum of Locomotive Lease Agreement, Partial Termination Thereof and Assignment of Leasehold Interest Therein.

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,


Robert W. Alvord

RWA/anm
Enclosures

**MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT,
PARTIAL TERMINATION THEREOF AND ASSIGNMENT OF
LEASEHOLD INTEREST THEREIN** dated as of April 30, 2001 (the
"Memorandum") by and among **Locomotive Management Services**, a
Delaware general partnership ("LMS"), **Canadian National Railway
Company**, a Canadian corporation ("CN") and **Illinois Central Railroad
Company**, an Illinois corporation ("IC").

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SURFACE TRANSPORTATION BOARD

WHEREAS, LMS as lessor and CN as lessee entered into a Locomotive Lease Agreement dated as of November 15, 1994, as amended by an Amendment Number 1 dated as of October 10, 1996, whereby LMS leased to CN, for approximately 5.5 months of each calendar year, the twenty-five (25) General Electric Dash 8-40 CW diesel locomotives, as more particularly described in Schedule A hereto (those thirteen (13) such locomotives being, the "First Group") and in Schedule B hereto (those twelve (12) such locomotives being, the "Second Group"), which was originally scheduled to terminate on April 30, 2012;

WHEREAS, LMS, CN and IC have entered into an Amendment Number 2 dated as of the date hereof (such Amendment Number 2 together with such Locomotive Lease Agreement and such Amendment Number 1 being collectively, the "Lease");

WHEREAS, the terms and conditions of the Lease are incorporated by reference into this Memorandum as if fully set forth herein;

AND WHEREAS, the parties hereto desire that this Memorandum be a) filed with the Surface Transportation Board pursuant to Title 49 of the *United States Code* Section 11301 and b) deposited pursuant to Section 105 of the *Canada Transportation Act*.

NOW, THEREFORE, for good and valuable consideration, the parties wish to evidence for the public record, the existence of the Lease, the interests created thereby and, more particularly, the following matters specified therein:

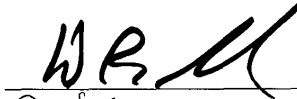
- 1) LMS is the owner of the locomotives described in the First Group and the Second Group;
- 2) LMS and CN have early terminated the Lease in respect of the locomotives in the First Group and such locomotives are being returned by CN at the direction of LMS;
- 3) LMS as lessor and CN as lessee have extended the termination date of the Lease (which shall be on a full year basis starting November 1, 2001) to October 31, 2012 in respect of the locomotives in the Second Group;

- 4) To be effective no later than November 1, 2001, CN assigned and transferred to IC (which assignment and transfer has been accepted by IC and consented to by LMS) its leasehold interest (including its purchase option under the Lease on such termination date) in the Lease of the locomotives in the Second Group and, thereafter, IC will be lessee for all purposes of the Lease;
- 5) As of the date hereof, the Lease is in full force and effect;

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed, by their officers thereunto duly authorized, as of the day and year first above written.


**LOCOMOTIVE MANAGEMENT
SERVICES**

By:
Its:


David Tucker
LMS, Partner

**CANADIAN NATIONAL
RAILWAY COMPANY,**

By:
Its:


Vice-President, Supply Mgmt.


**ILLINOIS CENTRAL
RAILROAD COMPANY,**

By:
Its:


Sr. Manager, Asset Finance

PROVINCE OF QUEBEC)
) ss:
DISTRICT OF MONTREAL)

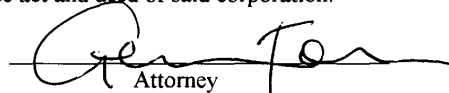
On this ____ day of July, 2001, before me personally appeared John A.N. Lamont, to me personally known, who, being by me duly sworn, says that he is Sr. Manager Asset Finance of Illinois Central Railroad Company, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Attorney

Bar #: 190021-8

PROVINCE OF QUEBEC)
) ss:
DISTRICT OF MONTREAL)

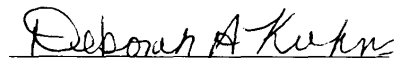
On this ____ day of July, 2001, before me personally appeared Sameh Fahmy, to me personally known, who, being by me duly sworn, says that he is Vice-President, Supply Management of Canadian National Railway Company, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Attorney

Bar #: 190021-8

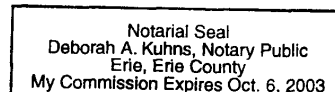
STATE OF PENNSYLVANIA)
) ss:
CITY / COUNTY OF Erie)

On this 26th day of July, 2001, before me personally appeared DAVID TUCKER, to me personally known, who, being by me duly sworn, says that he / she is PARTNER of Locomotive Management Services, that the foregoing instrument was signed on behalf of said partnership by authority of its partners, and he / she acknowledged that the execution of the foregoing instrument was the free act and deed of said partnership.


Notary Public

My commission expires: _____

[Notarial Seal]



SCHEDULE A TO MEMORANDUM

First Group - Terminated Locomotives

- 13 General Electric Dash 8-40 CW diesel-electric locomotives described as follows:**

<u>Original Road Number</u>	<u>Current Mark & Road Number</u>	<u>Locomotive Frame Number</u>
715	LMSX 715	481119
716	LMSX 716	481120
717	LMSX 717	481121
718	LMSX 718	481122
719	LMSX 719	481123
720	LMSX 720	481124
721	LMSX 721	481125
722	LMSX 722	481126
723	LMSX 723	481127
724	LMSX 724	481128
725	LMSX 725	481129
726	LMSX 726	481130
727	LMSX 727	481131

SCHEDULE B TO MEMORANDUM

Second Group - Currently Leased Locomotives

- 12 General Electric Dash 8-40 CW diesel-electric locomotives described as follows:**

<u>Original Road Number</u>	<u>Current Mark & Road Number</u>	<u>Locomotive Frame Number</u>
728	LMSX 728	481132
729	LMSX 729	481133
730	LMSX 730	481134
731	LMSX 731	481135
732	LMSX 732	481136
733	LMSX 733	481137
734	LMSX 734	481138
735	LMSX 735	481139
736	LMSX 736	481140
737	LMSX 737	481141
738	LMSX 738	481142
739	LMSX 739	481143